

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**July 12, 2018**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Thursday, July 12, 2018, in the first-floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 1:09 PM.

**Board Members Present**

Chair R. Nils Olsen  
Interim Vice-Chair Jeanette T. Jurasek  
Secretary George K. Arthur  
Director Frederick G. Floss  
Director Dottie Gallagher-Cohen  
Honorable Byron W. Brown, City of Buffalo Mayor (proxy Estrich)  
Honorable Mark C. Poloncarz, Erie County Executive (proxy Cornell)

**Board Member(s) Excused**

None

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Contact Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune

**Additionally Present**

Mr. James L. Magavern, Esq., Magavern Magavern & Grimm LLP  
Mr. Geoffrey Pritchard, Chief Financial Officer, Buffalo City School District

**Opening Remarks**

Chair Olsen welcomed everyone to the July Board meeting, thanked all who were in attendance, and reviewed the logistics and agenda of the meeting.

Chair Olsen advised the Directors that the Governance Committee met earlier and recommended that the full Board approve various BFSA policies and procedures. BFSA staff will provide a brief organizational overview.

Chair Olsen stated that the annual Board of Directors self-evaluation form has been approved by the Governance Committee and provided to each director. This evaluation should be completed and submitted confidentially to staff. The results will be compiled and reviewed at the next Governance meeting scheduled for September 24, 2018. In addition the annual certification regarding compliance with the code of ethics has been provided for signature.

### **Roll Call of the Directors**

Secretary Arthur called the roll, a quorum being present, the meeting commenced.

City of Buffalo Commissioner of Finance, Administration, Policy, and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSa Act.

Erie County Budget Analyst, Mr. Mark Cornell, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSa Act.

Subdivision 1 of §3853 of the BFSa Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee...."

### **Meeting Minutes**

The Board declined to review the June 18, 2018 meeting minutes.

### **City of Buffalo**

#### *2018 Update to Analysis of Property Tax Exemptions*

Chair Olsen advanced the agenda to review the updated property tax exemptions analysis, based on the final 2018-19 assessment roll. This update is provided pursuant to a request by the Board of Directors to provide an annual update.

Before Mr. Link began his presentation, Ms. Robe stated technical corrections are required to the memo in the board book and a memo will be provided to the Board of Directors in the September 24, 2018 board book. The corrections do not affect Mr. Link's presentation. The presentation will provide a ten-year snapshot from an exemption/assessment standpoint. The last full city-wide assessment was performed in 2000 and the assessments were frozen in 2009. Ms. Robe turned the floor over to Mr. Link.

Mr. Link compared the 2009-10 assessment to the 2018-19 assessment noting the following:

- Total exemptions decreased by \$40.3M, or 0.9%;
- Total assessed value increased by \$801.2M, or 8.1%, from \$9.8 billion to \$10.6 billion;
  - As a percentage of total property exemptions, that is a decrease of 3.9% in exemptions from 46.6% to 42.7%.
- Governmental property is the largest category which had an increase of \$57.6M, or 3.6%:
  - Federal property increased by \$73.3M;
  - Erie County property increased by \$8.2M;
  - New York State property exemptions decreased by \$3.4M.
- Non-for-profit property is the second largest category which had an increase of \$211.7M, or 22.5%:

- An increase of \$128.5M for charitable organizations;
- An increase of \$87.4M for hospital properties;
- An increase of \$27.6M in educational properties;
- A decrease of \$23.4M in religious facilities;
- All other non-for-profit exemptions decreased by \$8.4M.
- Residential property exemptions totaled \$698 million, or 15.4% of total exemptions, and decreased by \$427.1M, or 38.0%:
  - Impact of changes in STAR resulted in a decrease of \$364.2M;
  - All other residential exemptions decreased by \$62.9M.
- Economic Development exemptions totaled \$786 million, or 17.3% of total exemptions, and increased by \$63.7M, or 8.8%:
  - Increase of \$215.9M for mixed-use properties:
    - 4 properties qualified for economic development tax-exemption in 2010 compared to 85 in 2019
    - Property tax exemption valid for first twelve years of the project (majority of exemptions to expire between 2024 and 2029)
  - Increase of \$27.4M in IDA authorized exemptions
  - Increase of \$11.4M in business investment property
  - Decrease of \$165.5M for Empire Zone property exemptions due to expiration of program on June 30, 2010
- Housing and all other property exemptions totaled \$249 million, or 5.5%, and increased by \$53.8M, or 27.6%:
  - Low and moderate-income housing exemptions increased by \$66.4M;
  - Railroad exemptions increased by \$4.4M;
  - Net decrease of \$17.0M for all other exemptions.

Mr. Link stated there has been a change in how the STAR rebate is accounted for. Homeowners who purchased a property after December 1, 2014, are required to apply directly to the State for the STAR rebate and receive an annual check from NYS; property owners prior to this date continue to receive their rebate as a reduction to their tax bill.

Director Dottie Gallagher entered the meeting at 1:15PM.

The City of Buffalo was compared to the other Big Four cities in New York State with respect to the percentage of exempt properties and the equalization rate:

- Buffalo: Total assessed value of \$10.6 billion, equalized value of \$15.6 billion with \$6.7 billion in property tax exemptions.
  - 42.7% exemption rate and an equalization rate 68.0%; a median home value of \$72,600
- Rochester: Total assessed value of \$6.4 billion, equalized valuation of \$9.1 billion with \$3.2 billion in property tax exemptions.
  - 35.3% exemption rate and an equalization rate 98.0% (reassessed every four years); a median home value \$77,800
- Syracuse: Total assessed value of \$7.9 billion, equalized value of \$9.9 billion with \$5.6 billion in property tax exemptions.
  - 56.8% exemption rate and an equalization rate 80.0% (last reassessment in early 2000's); a median home value of \$89,900

- Yonkers: Total assessed value of \$736.7 million, equalized value of \$16.1 billion with \$266.9 million in property tax exemptions.
  - 36.2% exemption rate and an equalization rate of 2.45% (last assessment completed in 1954); a median home value of \$379,500

Mr. Link provided a comparison of the tax rate on a \$100,000 home in Buffalo as compared to \$100,000 home in six other surrounding communities noting the provision of fire and police services vary among municipalities.

Chair Olsen stated Buffalo has maintained a valuation freeze while areas of the City have increased tremendously. Director Gallagher commended the City Administration for keeping taxes lower as a strategy to increase residency within the City.

Chair Olsen stated property costs will increase as the educational services provided by the District improve. The Directors had an extended discussion on an increase of City property values, lower incomes and housing policy including foreclosures.

Ms. Estrich stated the Administration is crafting a low-income housing policy which will be addressed when Mr. Brendan Mehaffy, Director of the Office of Strategic Planning, attends the BFSA September board meeting.

Interim Vice Chair Jurasek questioned the residential percentage of tax-exempt properties. Ms. Robe stated 15.4% of exempt properties qualify as residential.

Chair Olsen stated a goal is to attract commercial development which will increase tax receipts.

Mr. Link continued his presentation, outlining significant changes on a year-to-year basis between FY 2018 and FY 2019:

- Total assessed property value increased by \$208.7 million, or 2.0%, from \$10.4 billion to \$10.6 billion and total property exemptions increased by \$141.3 million:
  - An increase in non-for-profit exemptions in the amount of \$173.9 million,
  - A decrease in residential exemptions in the amount of \$78.5 million,
  - An increase in housing and all other exemptions in the amount of \$32.4 million,
  - An increase in economic development exemptions in the amount of \$21.3 million, and
  - A decrease in governmental exemptions in the amount of \$7.7 million.

Mr. Link stated the City of Buffalo is utilizing 60% of the available property tax cap. The current tax levying margin is \$67.1 million, an increase of \$54.2 million when compared to 2003-04 tax levying margin of \$12.9 million.

Interim Vice-Chair Jurasek asked if there will be a surge in tax revenue as exemptions expire. Ms. Estrich stated there will not be a surge as the properties gradually will roll onto the tax roll. Director Gallagher stated developers anticipated rents ascending to a certain level as housing units became available which has not yet happened. Therefore, a gap is anticipated if rents stay flat and the downtown housing demand continues keeping pace with the supply as evidenced by the research performed by the Buffalo Niagara Partnership.

Director Floss asked that the study performed by Director Gallagher's organization be forwarded to the BFSA directors. Director Gallagher stated she will forward the report to the Board.

### **BFSA Business**

Chair Olsen thanked Mr. Link for his presentation and advanced the agenda for the organizational overview to be presented by Ms. Robe.

Ms. Robe stated the bylaws established two standing committees:

- 1) Audit, Finance and Budget Committee: Assists the Directors in meeting the BFSA's responsibilities relating to budgeting, financial reporting, internal control, and the sufficiency of audit procedures. Members of the committee are Chair Olsen, Interim Vice-Chair Jurasek and Director Floss. Additional directors participate at the request of the Chair; all directors are invited to attend any committee meeting. The committee meets three to four times per year to review annual BFSA budgets and four-year financial plans, the independent audit, and other material as necessary. Additional meetings will be called as necessary.
- 2) Governance Committee: Keep the Board informed of matters involving corporate governance, policies, and procedures. The required annual Board self-evaluation is reviewed in this committee. Members include Chair Olsen, Interim Vice-Chair Jurasek, and Secretary Arthur. Additional Directors participate at the request of the Chair. The committee meets two to three times per year or as necessary to review, renew and/or modify existing operational policies and address other matters as necessary.

Ms. Robe continued with the overview of the BFSA and reviewed the organizational structure including staff names and primary job responsibilities.

Ms. Robe provided a summary of all negotiating units for all covered organizations including the number of full-time equivalent employees for each unit as well as the expiration date for each agreement. It was noted the City of Buffalo included estimate costs for settling labor contracts in the 2019-2022 Financial Plan.

**City of Buffalo (the “City”):**

- PBA – 763 FTEs, CBA in effect through 6/30/19;
- Local 282 (Fire) – 656 FTEs, CBA expired on 6/30/17;
- Local 264 (Blue-Collar) – 557 FTEs, CBA in effect through 6/30/19;
- Local 650 (White-Collar (including exempt employees)) – 577 FTEs, CBA in effect through 6/30/19;
- Crossing Guards – 100 employees; CBA in effect through 8/31/19;
- AFSCME 2651 (Building Inspectors) – 56 FTEs, CBA in effect through 6/30/20;
- Local 264T (Water Caulkers) – 32 FTEs, CBA in effect through 6/30/22; and
- Operating Engineers – 31 FTEs, CBA in effect through 6/30/20.

**Buffalo City School District (“BCSD”):**

- BTF (teachers) – 3,627 FTEs & 146 PTEs (in effect through 6/30/19);
- BEST (teacher aids/assistants) – 897 FTEs, 10 PTEs (CBA expired on 6/30/12);
- Su/B (substitutes) – 653 PTEs (CBA in effect through 6/30/19);
- TAB (bus aides) – 330 PTEs (CBA expired on 6/30/18);
- PCTEA (White-Collar) – 444 FTEs (CBA expired on 6/30/13);
- Local 264 (Blue-Collar) – 80 FTEs (CBA expired on 6/30/13);
- Local 264 (Food Service Workers) :
  - 26 FTEs cook managers (CBA expired on 6/30/17);
  - 448 PTEs (CBA expires 6/30/22);
  - Varies for summer food service (CBA expired Summer 2018)
- BCSA (Administrators) – 256 FTEs (CBA in effect through 9/1/20); and
- Local 409 (Custodial Engineers) – 54 FTEs (CBA expired on 6/30/10).

Director Floss asked for the budget impact on the District if all contracts were currently settled noting that the sooner the financial impact and ensuing ramifications are known the sooner work can begin to address the impending issues, i.e. GAP closing measures and termination of positions to balance the budget and settle contracts.

**Buffalo Municipal Housing Authority (“BMHA”):**

- Local 264 (White-Collar) – 54 FTEs, CBA expired on 6/30/11;
- Local 264 (Blue-Collar) – 70 FTEs, CBA expired on 6/30/11;
- Local 264 (Managers) – 6 FTEs, CBA expired on 6/30/11;
- Local 17 (Operating Engineers) – 6 FTEs, CBA expired on 6/30/13;
- Exempts – 4 FTEs, each with individual contracts; and
- Non-Represented Civil Service – 4 FTEs, at-will with certain New York State civil service protections.

Director Gallagher asked that a reminder be sent to BMHA that the BFSA is required to review their contracts.

**Buffalo Urban Renewal Agency (“BURA”):**

- CSEA Local 1000 – 30 FTEs, CBA in effect through 6/30/20; and
- Exempts – 8 FTEs, employed at-will.

Chair Olsen advanced the agenda the next item. The Governance Committee met earlier and voted to recommend full Board approval of various procedures and reports. Chair Olsen requested a motion to consider these items in one action and approve the following resolutions:

Bylaws Res No. 18-11	Whistleblower Policy Res No. 18-17
Code of Ethics Res No. 18-12	Lobbying Policy Res No. 18-18
Mission Statement Res No. 18-13	Procurement Guidelines No. 18-19
Investment Guidelines Res No. 18-14	Annual Procurement Report Res No. 18-20
Property Disposal Guidelines Res No. 18-15	Prompt Payment Policy Res No. 18-21
Use of Discretionary Funds Policy Res No. 18-16	Annual Prompt Payment Report Res No. 18-22

Interim Vice-Chair Jurasek made a motion to approve the items as recommended by the Governance Committee.

Director Floss seconded the motion.

The Board voted 7-0 to approve Resolution Nos. 18-11 through 18-22.

### **New Business**

None

### **Privilege of the Floor**

Chair Olsen extended the Privilege of the Floor to any member of the attending public who wished to comment for the public record on any actions taken by the Board at the day's meeting.

Chair Olsen hearing no comments he asked for a motion to adjourn.

Secretary Arthur made a motion to adjourn.

Director Floss seconded the motion.

The Board voted 7-0 to adjourn.

The Board adjourned at 2:31 PM.